GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:3441
ANSWERED ON:15.12.2005
ACQUISITION OF STAKE IN PETROKAZAKH
Kaushal Shri Raghuvir Singh;Madhwaraj Smt. Manorama

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Government is aware that the combined bid of ONGC-Mittal Company for acquisition of stake in Petrokazakh of Kazakhstan was overlooked and the process manipulated in favour of the Chinese bidders CNPC;

(b) if so, whether the Government proposes to take up that matter with its counterpart in Kazakhstan to secure a share in Petrokazakh;

(c) if so, the details thereof; and

(d) the steps taken by the Government in this regard?

Answer

MINISTER OF PETROLEUM & NATURAL GAS AND PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) to (d) : As per the procedure laid down by Petro Kazakhstan for sale of its share, any bidder had the right to offer higher value for the stake than the highest bid received by them. Making use of this provision, the China National Petroleum Corporation (CNPC) made a superior offer to the seller. Before ONGC-Mittal (OMEL) could make a counter-offer, it was announced that CNPC had won the bid.

The matter was discussed in a meeting of the Minister of the Petroleum & Natural Gas, Government of India with his counterpart in Kazakhstan on 4 October, 2005 during an official visit to Almaty, Kazakhstan. It was brought out that under the same provision, ONGC - Mittal Joint Venture had the right to further submit a superior bid. However, OVL was to take its own commercial or legal decision in the matter. Subsequently, OVL decided not to pursue the matter after considering the various techno-economic and commercial aspects of the deal.